



JON M. HUNTSMAN, JR.  
Governor

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Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

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August 24, 2009

Certified, Return Receipt  
7003 2260 0002 0247 8423

Mark Carter  
MMG Mining  
3655 Lupin Way  
St. George, Utah 84790

Re: Release of Reclaimed Area, Past Due Permit Fees, Surety Escalation and Status of LMO; MMG Mining; Bald Knoll Mine; S/025/0012; Kane County, Utah

Dear Mr. Carter:

On March 2, 2007, we received your request for a full release for acreage that has been reclaimed at the Bald Knoll Mine. An inspection of the area on June 3, 2009, found that the reclamation standards have been achieved (inspection memo enclosed). Therefore, the Division hereby releases you from further reclamation responsibility for this area. This release involves 4.2 acres on the northern half of the disturbed area as shown on the attached map. As per your request, the Division is not releasing any surety at this time. The surety excess may be applied to future amendments to your Notice of Intention that will disturb additional areas.

As noted in the inspection memo, there are other issues that need to be addressed:

1. Annual permit fees have not been paid since 2006. Currently the fees for three years are past due, and until paid, your permit is suspended. Based on a small mining operation, the total amount due is \$450.00 (\$150.00 per year). please remit payment September 17, 2009 (billing statement enclosed).
2. The reclamation surety of \$16,700 held for this site should have been escalated in January of 2008. Based on current costs, the surety amount needs to be increased to either \$24,600 or \$25,200, based on a 3- or 5-year escalation as noted below:

#### 3-year escalation (2012)

Item	Qty	Unit Cost	Total Cost
1st Acre Disturbance	1	\$7,400.00	\$7,400.00
Add'l Acres Disturbance	4	\$4,300.00	\$17,200.00
TOTAL			\$24,600.00

#### 5-year escalation (2014)

Item	Qty	Unit Cost	Total Cost
1st Acre Disturbance	1	\$7,600.00	\$7,600.00
Add'l Acres Disturbance	4	\$4,400.00	\$17,600.00
TOTAL			\$25,200.00



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Mark Carter  
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The increase may be done as either an amendment to the current letter of credit, or as a separate surety (i.e. second letter of credit, certificate of deposit, cash, etc.). With the revised surety, you will also need to sign a new reclamation contract. Please contact Penny Berry for appropriate bonding and reclamation contract forms. She can be reached by e mail at [bondcoordinator@utah.gov](mailto:bondcoordinator@utah.gov) or by telephone at (801) 538-5291.

3. The Notice of Intent to Commence Large Mining Operations (NOI) that was submitted November 4, 2005, has never been approved. This was submitted to replace the currently approved small mining operation as part of the abatement for a cessation order. The Division sent a review of this NOI January 6, 2006. To date, the Division has not received a response to that review. Therefore, the only approval for this site is a small mining operation that limits disturbance to five acres or less. With the reclamation work that was completed and subsequently released with this letter, your operation meets the size requirements of a small mining operation. Before you expand beyond five acres of disturbance, you will need to have a NOI for a large mining operation approved and the appropriate reclamation surety submitted. This can be accomplished by either submitting a new NOI for a large mine, or providing an adequate response to the Division's January 6, 2006 review of the previously submitted NOI.

If you have any questions or concerns regarding this letter, please contact me at 801-538-5261 or Lynn Kunzler at 801-538-5310. In response, please reference our file number S/025/0012 regarding this project.

Sincerely,



Paul B. Baker  
Minerals Program Manager

PBB:lk:pb

Enclosures: 6/3/09 Inspection Report, Status Map, Billing Statement

Cc: John Blake, SITLA  
Penny Berry, DOGM

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This page is a reference page used to track documents internally for the Division of Oil, Gas and Mining

Mine Permit Number 5/025/0012 Mine Name Bald Knoll Mine  
Operator MMG Mining Date Sent 8-24-09  
TO Mark Carter FROM Paul Baker

☐ CONFIDENTIAL ☐ BOND CLOSURE ☐ LARGE MAPS ☐ EXPANDABLE  
☒ MULTIPUL DOCUMENT TRACKING SHEET ☐ NEW APPROVED NOI  
☐ AMENDMENT ☐ OTHER

Description YEAR-Record Number

☐ NOI ☐ Incoming ☒ Outgoing ☐ Internal ☐ Superceded  
2008 Billing Statement 2008-0001

☐ NOI ☐ Incoming ☐ Outgoing ☒ Internal ☐ Superceded  
Inspection Report 8-18-09 2009-0001

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ TEXT/ 81/2 X 11 MAP PAGES ☐ 11 X 17 MAPS ☐ LARGE MAP

COMMENTS: \_\_\_\_\_

CC: \_\_\_\_\_